GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:90
ANSWERED ON:04.12.2015
Alleged Transaction Irregularities in Banks
Adsul Shri Anandrao ;Nagar Shri Rodmal

Will the Minister of FINANCE be pleased to state:

(a) whether the Enforcement Directorate/Central Bureau of Investigation has busted , irregularities and violation of Prevention of Money Laundering Act, 2002/forex scam in the public and private sector banks in the country;
(b) if so, the details thereof along with the total loss estimated during each of the last three years and the current year, bank and State-wise;
(c) whether the Government has initiated any inquiry and taken action against the bank/staff involved in such transactions, and if so, the details thereof, bank and State-wise; and
(d) whether the Government/Reserve Bank of India has taken steps to strengthen their mechanism to check and curb the activities of hawala transactions through banking channels in the country and if so, the details thereof?

Answer

FINANCE MINISTER
(SHRI ARUN JAITLEY)
(a) to (d) : A statement is laid on the Table of the House.

(a) : Yes, Sir.
(b) : The Central Bureau of Investigation (CBI) has registered 06 cases in the matter during
the last 3 years and current year. In 04 cases, charge sheets have been filed in the court and two cases are under investigation. The details of these cases are given in the Annexure. Besides this, on receipt of a complaint from Bank of Baroda and registration of FIR by CBI, the Directorate of Enforcement registered a case under Prevention of Money Laundering Act, 2002(PMLA). As per the complaint, foreign exchange equivalent to about Rs. 6000 crore was remitted by various persons through their newly opened 59 accounts of certain companies, in the garb of advance import remittances to certain companies abroad. In addition, similar case has also been registered by Directorate of Enforcement in respect of Oriental Bank of Commerce, subsequent to registering of FIR by Uttar Pradesh Police. In this case too, an amount of Rs. 380 crore was remitted to various companies based in Hong Kong using several fictitious companies during 2007-2011 and Rs. 100 crore was remitted from 2012 till 2014 using similar modus operandi.
(c) : Bank of Baroda has suspended Mr. Jaines Dubey, a scale 1 officer and Mr. S.K. Garg
(AGM) of Bank of Baroda, Ashok Vihar Branch. The branch has also been de-categorized on 07.10.2015 for the purpose of undertaking Forex transactions. The branch and the other branches in the vicinity shall route such transactions through Intel. Business Branch, New Delhi.
(d) : The Reserve Bank of India(RBI) vide circular letter dated October 28, 2015 has issued
instructions to all scheduled commercial banks highlighting the irregularities observed. All banks were advised in the letter to look into these aspects and conduct a thorough Internal Audit and place the report before Audit Committee of the Board of respective banks and to forward the findings to RBI so that further corrective action as required may be taken in this regard. Further, FIU-IND in consultation with RBI, has also issued in November, 2015 guidelines specifying Red Flag indicators for detection of suspicious transactions related to trade based money laundering.